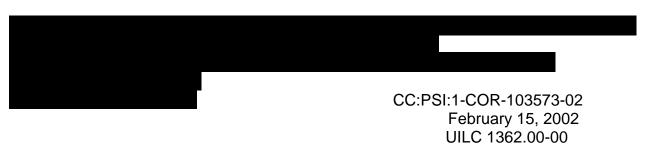
INTERNAL REVENUE SERVICE

Number: **INFO 2002-0042** Release Date: 3/29/2002



We are responding to a letter, submitted on your behalf by CPA, requesting relief in order to establish February 20, 1989, as the effective date for your S corporation election. The information submitted explains that, since inception, you have treated your corporation as though it had been granted S corporation status. However, information provided to this office by the Internal Revenue Service indicates that although a timely 1120S was filed for 1989 and several other years, a Form 1120 was filed for the taxable year. Therefore, automatic late S corporation relief pursuant to Revenue Procedure 97-48 is unavailable. Although we are unable to respond to to your request as submitted, this letter provides useful information relating to your situation.

Announcement 97-4 (copy enclosed) provides guidance on seeking relief for late S corporation elections and inadvertent invalid S corporation elections. Generally, to request relief for a late or invalid S corporation election you must request a private letter ruling from the National Office. The procedures for requesting a private letter ruling are set out in Revenue Procedure 2002-1 (copy enclosed). In addition, Rev. Proc. 2002-1 requires taxpayers to submit a user fee along with their ruling request. The standard user fee for a private letter ruling is \$6,000. However, taxpayers with gross income of less than \$1 million on their last-filed tax return qualify for a *reduced user fee* in the amount of \$500. If you are eligible to use the reduced fee provision you must include the statement described in § (B)(1)(b) of Appendix A with your request. Please review Appendix B for a sample format for requesting a private letter ruling.

If you decide to submit a formal request for a private letter ruling, please include the proper user fee (if applying under the reduced fee provisions, send a statement certifying gross income), and refer your request to our office by adding the following to the address: Attn: CC:PA:T P.O. Box 7604 Ben Franklin Station Washington, DC 20044

<u>Direct to:</u> CC:PSI:1 Room 5002

For further specialized information and useful links relating to small businesses, consider visiting the IRS website at www.irs.gov/smallbiz.

Please keep this letter with your tax records and feel free to provide a copy of it to your authorized representative. We hope that the above information proves helpful.

Sincerely yours,

/s/
DIANNA K. MIOSI
Chief, Branch 1
Associate Chief Counsel
(Passthroughs and Special Industries)

Enclosures:

Announcement 97-4 Rev. Proc. 2002-1